



ITT

ENGINEERED FOR LIFE



ITT Inc.
Deutsche Bank
Global Industrials and Materials Summit

June 7, 2017

Safe Harbor

This presentation contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our business, future financial results and the industry in which we operate, and other legal, regulatory and economic developments. These forward-looking statements include, but are not limited to, future strategic plans and other statements that describe the company’s business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future events and future operating or financial performance.

We use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “future,” “may,” “will,” “could,” “should,” “potential,” “continue,” “guidance” and other similar expressions to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Where in any forward-looking statement we express an expectation or belief as to future results or events, such expectation or belief is based on current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will occur or that anticipated results will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included in the Risk Factors section of the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the Securities and Exchange Commission.

The forward-looking statements included in this presentation speak only as of the date hereof. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.



Engineered for Growth

Strong Foundation & Diversification

- ✓ Highly Engineered, Customized Products & Services
- ✓ Leading Positions in Attractive End Markets
- ✓ Balanced Geographies & Cycles
- ✓ Longstanding Brands and Operating History
- ✓ Healthy High-Performing Culture

2017 Strategic Focus Areas

- ✓ Optimizing Execution
 - New Chief Operating Officer Organizational Structure
- ✓ Driving Targeted Share Gains
- ✓ Effectively Deploying Capital for Future Growth

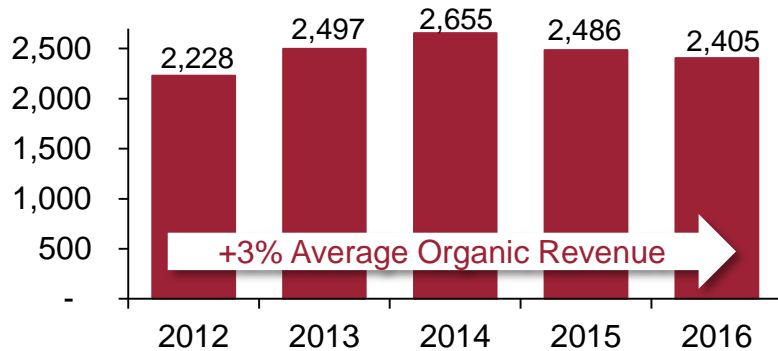




ITT – Engineered for Growth

Revenues

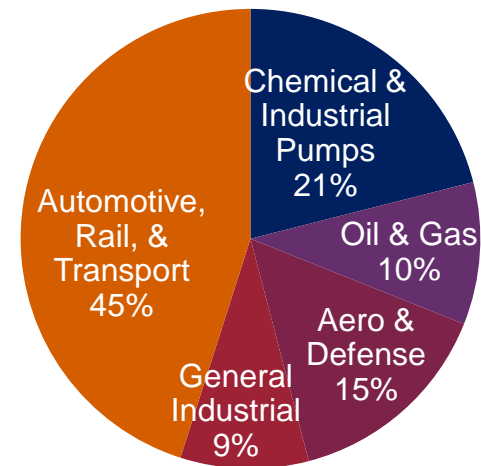
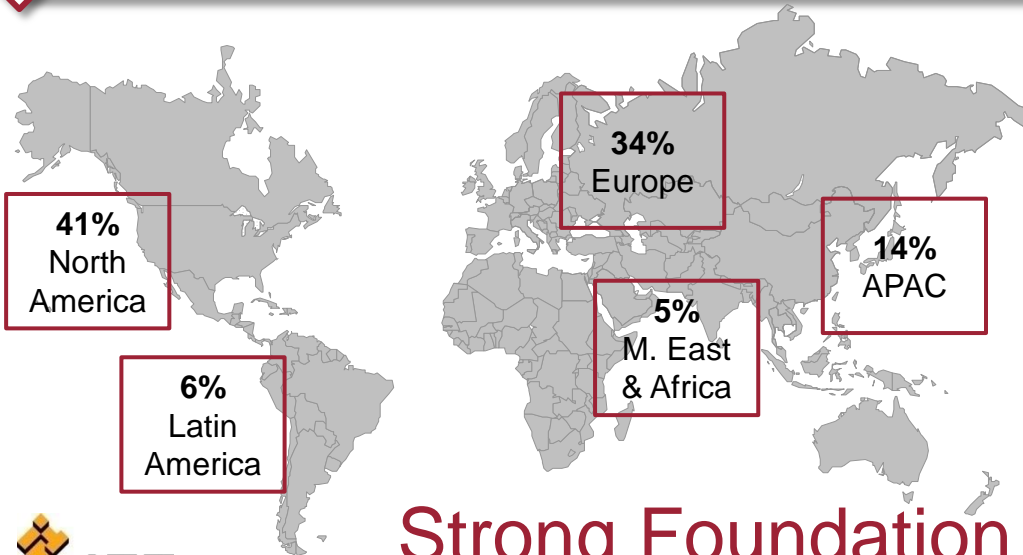
\$ Millions



Investment Highlights

- ◆ Long-Term Demand Visibility in Key Markets
- ◆ Portfolio Well-Aligned with Attractive End-Markets & Long-Term Macro Trends
- ◆ Operational Execution Opportunities
- ◆ Strong Financial Track Record
- ◆ Balanced & Effective Capital Deployment

2016 Revenue Breakdown



Strong Foundation for Growth

All Results are Unaudited

For non-GAAP reconciliations of adjusted results, refer to appendix and www.itt.com/ir.

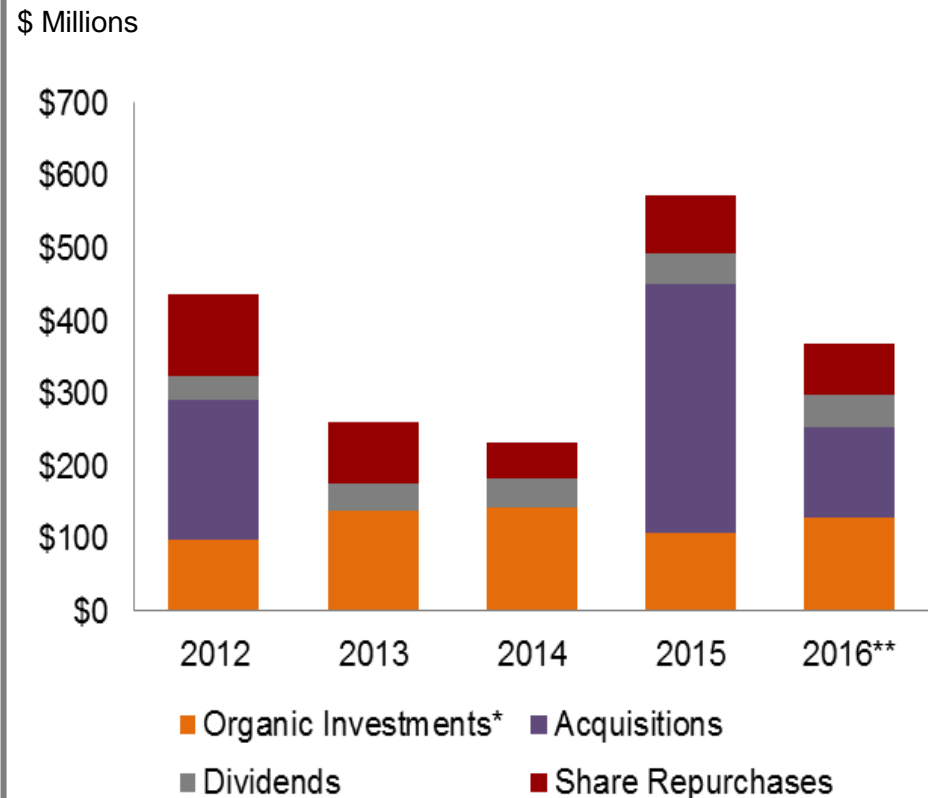
Capital Deployment

Acquisition Principles

Focused on Strategic Fit with Differentiated Technology in Key End Markets

- ◆ Core Growth End Market Focus
- ◆ Strong Cultural Fit
- ◆ Meet Financial Criteria
- ◆ Maintain Investment Grade Ratings
- ◆ Target Areas: Material Science, Rail, Aerospace, Flow, Energy Absorption

Strong Deployment Track Record



*Includes Both Capital Expenditures & Strategic Investments

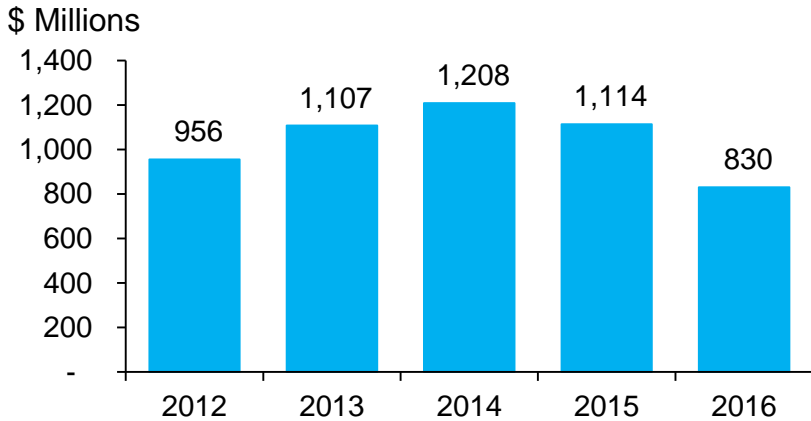
**Includes \$123M Axtone (Closed in Jan 2017) & \$70M Repurchases



Disciplined, Balanced & Close-to-Core

Industrial Process

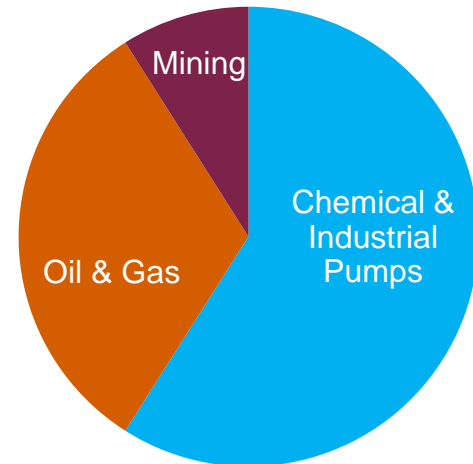
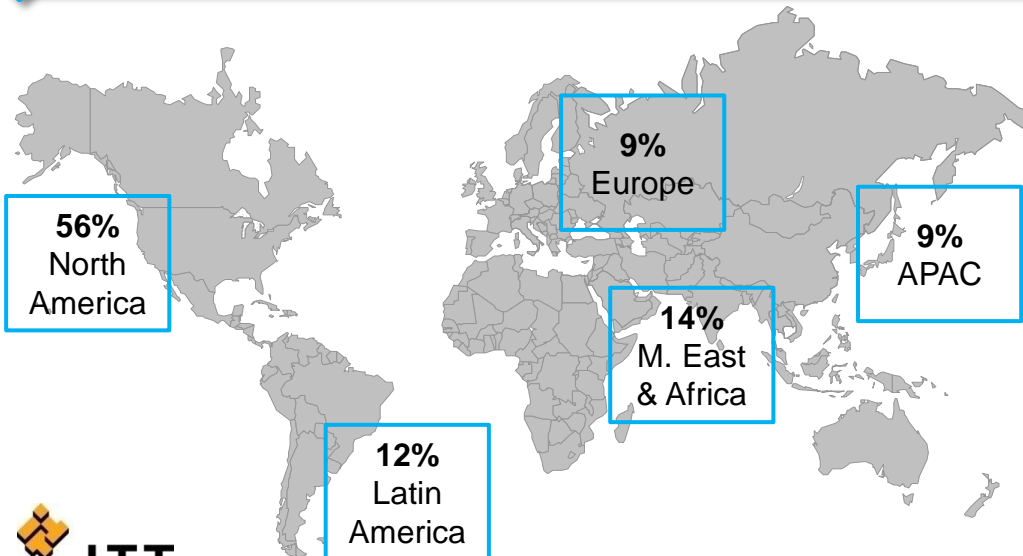
Revenues



Long-Term Growth Drivers

- ◆ Strong Goulds Pumps Brand & Reputation
- ◆ Leader in North American Chemical & GI Markets
- ◆ Structural Reset to Drive Global Execution
 - (>30%) Headcount Reduction Achieved
- ◆ 40% Aftermarket Revenues

2016 Revenue Breakdown



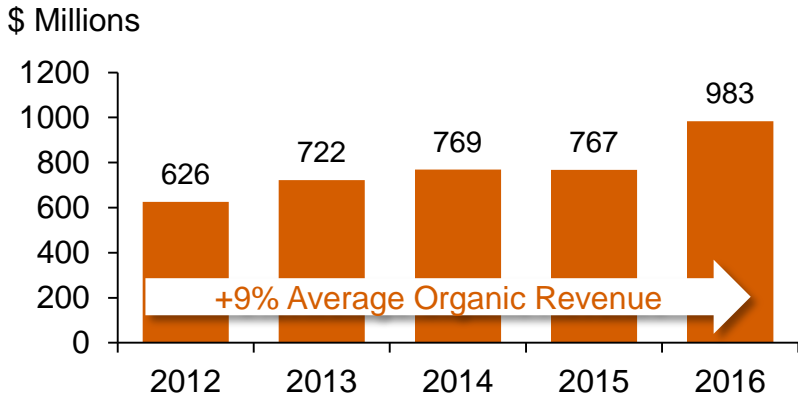
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June 7, 2017 P6

Motion Technologies

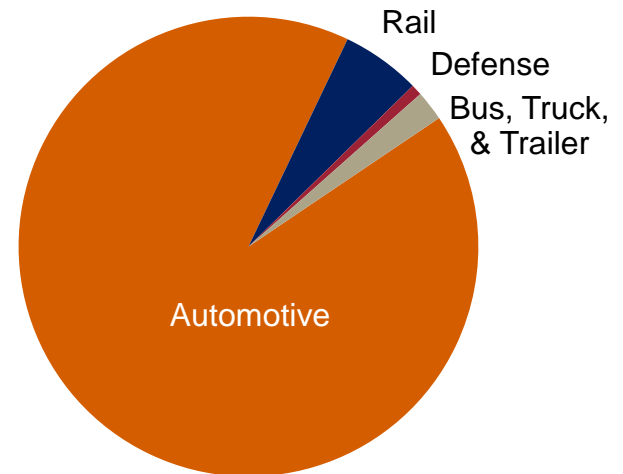
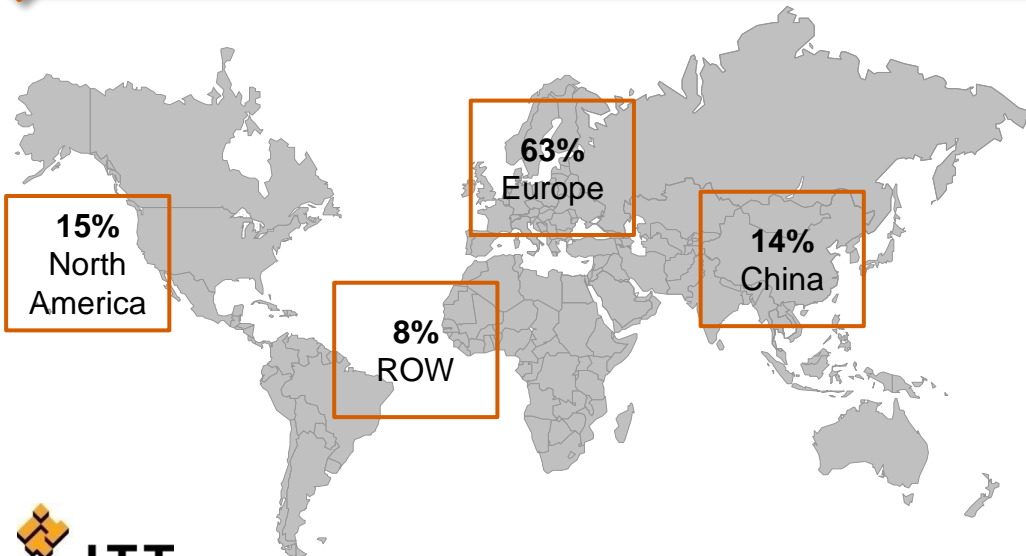
Revenues



Long-Term Growth Drivers

- ◆ Transforming to a Global Friction Powerhouse
 - Significant Long-Term China & North America Wins
- ◆ Differentiated World-Class Manufacturing & R&D
- ◆ Smart Part Launch - A Revolutionary Sensor-Enabled Active Braking Technology
- ◆ Diversification Through M&A: Wolverine (Material Science) & Axtone (Rail)

2016 Revenue Breakdown



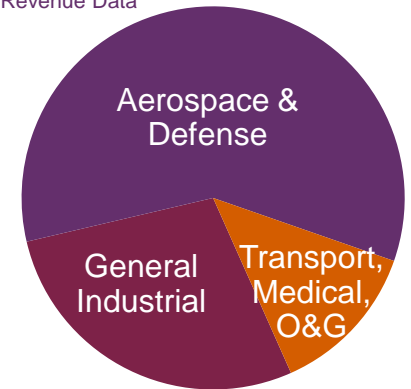
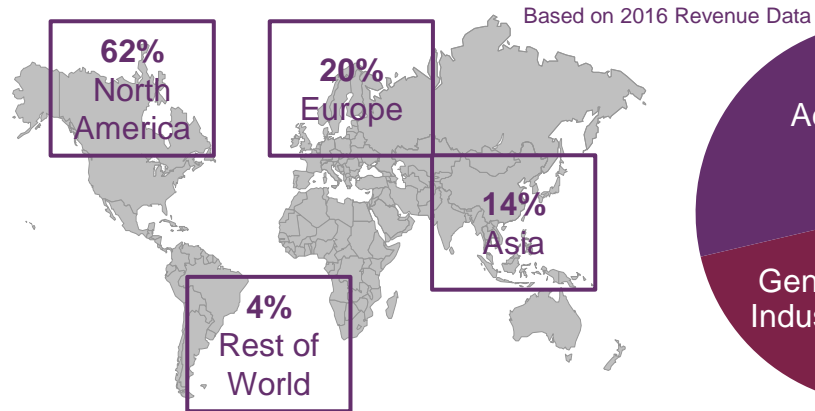
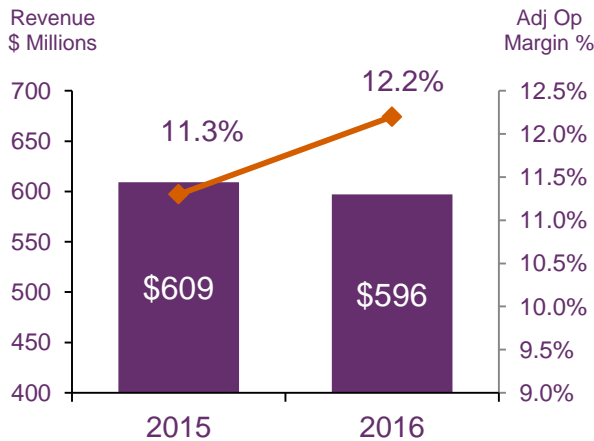
Connect & Control Technologies

Background

Long-Term Growth Drivers

- ◆ CCT Solutions: Designs & Manufactures Harsh-Environment Connectors, Critical Energy Absorption & Flow Control Components
- ◆ CCT Target Markets: Aerospace & Defense, Industrial
- ◆ CCT Benefits: Increase Focus on Target Markets, Optimize Operations & Leverage Shared Infrastructure
- ◆ Aerospace & Defense
 - Expand Rotorcraft, Composite & Aftermarket Portfolio
 - Leverage Scale at Manufacturing Centers of Excellence
- ◆ General Industrial, Transportation, Medical, O&G
 - Enhanced Front-End & Optimized Operations to Drive Share in Connectors, Energy Absorption, and Actuation
 - Enhanced Product Offerings, Including Medical, Electric Vehicle and O&G Connectors and Smart Capabilities

CCT Overview



Historical CCT Financial Data is Provided in the Appendix and on the ITT IR Website

All Results are Unaudited

For non-GAAP reconciliations of adjusted results, refer to appendix and www.itt.com/ir.

June 7, 2017 P8



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ITT Inc.
Appendix

Q1 2017 ITT Results

Continuing Operations (unaudited)

\$ millions except per share amounts	Q1 2017	vs. 2016
Orders	\$671	+8%
Total Revenue	\$626	+3%
Adjusted Segment Operating Income	\$84	+3%
Adjusted Operating Income	\$78	+8%
Adjusted EPS	\$0.64	+8%

+2% Organic Revenue

- ▲ +8% Strong Transportation Growth Driven by Auto and Aerospace & Defense
- ▼ (-14%) O&G Mainly Due to Weak Pump Project Backlog Entering 2017

+7% Organic Orders

- ▲ Large O&G Pump Project Win in Africa
- ▲ Significant Auto Share Gains in Europe & China
- ▲ Industrial, Medical, and O&G Connector Growth
- ▼ Aerospace & Defense Component Timing Challenges

+3% Adj Segment Op Income; +8% Ex FX

- ▲ Incremental Restructuring Benefits
- ▲ Higher Volumes & Improved Productivity
- ▼ Unfavorable FX (\$4M) and Price, Mix, and Material Costs
- ▼ Investments to Support Recent Long-Term Auto Platform Wins

+8% Adj EPS; +10% Ex FX

- ▲ Segment OI Growth and Favorable Corporate Costs & Improved Efficiency
- ▲ Lower Interest Expense & Share Count
- ▼ Unfavorable FX
- ▼ Higher Tax Rate



Q1 2017 ITT Segment Performance

	Industrial Process	Motion Technologies	Connect & Control Technologies	Total Segments
Q1 2017 Total Revenue vs PY	-10.9%	11.8%	6.2%	2.7%
FX	0.0%	3.2%	0.6%	1.5%
Acquisition/Disposition	0.0%	-5.4%	0.0%	-2.3%
Q1 2017 Organic Revenue vs PY	-10.9%	9.6%	6.8%	1.9%
<hr/>				
Q1 2016 Adjusted Operating Margin	5.8%	20.7%	10.9%	13.3%
Volume, Mix, Productivity & Other	0.1%	0.2%	1.6%	1.1%
Growth Investments	0.2%	-0.9%	-0.5%	-0.5%
Acquisition/Disposition	0.0%	-0.5%	0.0%	-0.1%
FX	-0.7%	-0.1%	-0.3%	-0.4%
Q1 2017 Adjusted Operating Margin	5.4%	19.4%	11.7%	13.4%



Key Performance Indicators & Non-GAAP Measures

Management reviews a variety of key performance indicators including revenue, segment operating income and margins, earnings per share, order growth, and backlog, some of which are non-GAAP. In addition, we consider certain measures to be useful to management and investors when evaluating our operating performance for the periods presented. These measures provide a tool for evaluating our ongoing operations and management of assets from period to period. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including, but not limited to, acquisitions, dividends and share repurchases. These metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America (GAAP) and should not be considered a substitute for measures determined in accordance with GAAP. We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators for purposes of our reconciliation tables.

Organic Revenues and **Organic Orders** are defined as revenues and orders, excluding the impacts of foreign currency fluctuations, acquisitions and divestitures. Divestitures include sales of portions of our business that did not meet the criteria for presentation as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations is estimated using a fixed exchange rate for both the current and prior periods. Management believes that reporting organic revenue and organic orders provides useful information to investors by helping identify underlying trends in our business and facilitating easier comparisons of our revenue performance with prior and future periods and to our peers.

Adjusted Operating Income, **Adjusted Segment Operating Income** and **Adjusted Segment Operating Margin** are defined as total operating income and segment operating income, adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring and realignment costs, certain asset impairment charges, certain acquisitions-related expenses, and other unusual or infrequent operating items. Special items represent significant charges or credits that impact the current results, which management views as unrelated to the Company's ongoing operations and performance. Adjusted segment operating margin is defined as adjusted segment operating income divided by total revenue. We believe that adjusted segment operating income is useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

Adjusted Income from Continuing Operations, **Adjusted EPS** and **Adjusted EPS Guidance** are defined as income from continuing operations attributable to ITT Inc. and income from continuing operations attributable to ITT Inc. per diluted share, adjusted to exclude special items that include, but are not limited to, asbestos-related costs, restructuring and realignment costs, certain asset impairment charges, certain acquisition-related expenses, income tax settlements or adjustments, and other unusual and infrequent non-operating items. Special items represent significant charges or credits, on an after-tax basis, that impact current results, which management views as unrelated to the Company's ongoing operations and performance. We believe that adjusted income from continuing operations is useful to investors and other users of our financial statements in evaluating ongoing operating profitability, as well as in evaluating operating performance in relation to our competitors.

Adjusted Free Cash Flow is defined as net cash provided by operating activities less capital expenditures, adjusted for cash payments for restructuring and realignment actions, net asbestos cash flows and other significant items that impact current results which management views as unrelated to the Company's ongoing operations and performance. Due to other financial obligations and commitments, including asbestos, the entire free cash flow may not be available for discretionary purposes. We believe that adjusted free cash flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated by our operations.



ITT Inc. Non-GAAP Reconciliation
Reported vs. Organic Revenue / Order Growth
First Quarter 2017 & 2016
(In Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)			
	(A)		(B)		(C)	(D)	(E) = B-C-D	(F) = E / A
	3M 2017	3M 2016	Change 2017 vs. 2016	% Change 2017 vs. 2016	Acquisition / Divestitures 3M 2017	FX Impact 3M 2017	Change Adj. 2017 vs. 2016	% Change Adj. 2017 vs. 2016
Revenues								
ITT Inc. - Consolidated	625.8	609.1	16.7	2.7%	14.0	(9.1)	11.8	1.9%
Industrial Process	186.1	208.8	(22.7)	(10.9%)	-	-	(22.7)	(10.9%)
Motion Technologies	287.3	257.0	30.3	11.8%	14.0	(8.4)	24.7	9.6%
Connect & Control Technologies	153.3	144.3	9.0	6.2%	-	(0.8)	9.8	6.8%
Orders								
Total Segment Orders	670.6	623.5	47.1	7.6%	12.3	(8.9)	43.7	7.0%
Industrial Process	221.8	188.8	33.0	17.5%	-	0.1	32.9	17.4%
Motion Technologies	287.2	265.4	21.8	8.2%	12.3	(8.2)	17.7	6.7%
Connect & Control Technologies	162.4	170.5	(8.1)	(4.8%)	-	(0.8)	(7.3)	(4.3%)

Note: Excludes intercompany eliminations
Immaterial differences due to rounding



ITT Inc. Non-GAAP Reconciliation
Reported vs Adjusted Segment Operating Income & Operating Margin
First Quarter 2017 & 2016
(In Millions)

	3M 2017		3M 2017 As Adjusted	3M 2016		3M 2016 As Adjusted	% Change As Reported 2017 vs. 2016	% Change As Adjusted 2017 vs. 2016
	As Reported	Special Items		As Reported	Special Items			
Revenue:								
Industrial Process	186.1		186.1	208.8		208.8	(10.9%)	(10.9%)
Motion Technologies	287.3		287.3	257.0		257.0	11.8%	11.8%
Connect & Control Technologies	153.3		153.3	144.3		144.3	6.2%	6.2%
Intersegment eliminations	(0.9)		(0.9)	(1.0)		(1.0)		
Total Revenue	<u>625.8</u>		<u>625.8</u>	<u>609.1</u>		<u>609.1</u>	<u>2.7%</u>	<u>2.7%</u>
Operating Margin:								
Industrial Process	3.9%	150 BP	5.4%	4.3%	150 BP	5.8%	(40) BP	(40) BP
Motion Technologies	19.1%	30 BP	19.4%	19.7%	100 BP	20.7%	(60) BP	(130) BP
Connect & Control Technologies	10.6%	110 BP	11.7%	8.6%	230 BP	10.9%	200 BP	80 BP
Total Operating Segments	<u>12.5%</u>	<u>90 BP</u>	<u>13.4%</u>	<u>11.8%</u>	<u>150 BP</u>	<u>13.3%</u>	<u>70 BP</u>	<u>10 BP</u>
Income (loss):								
Industrial Process	7.3	2.7	10.0	9.0	3.2	12.2	(18.9%)	(18.0%)
Motion Technologies	54.9	0.9	55.8	50.7	2.4	53.1	8.3%	5.1%
Connect & Control Technologies	16.3	1.6	17.9	12.4	3.3	15.7	31.5%	14.0%
Total Segment Operating Income	<u>78.5</u>	<u>5.2</u>	<u>83.7</u>	<u>72.1</u>	<u>8.9</u>	<u>81.0</u>	<u>8.9%</u>	<u>3.3%</u>

Note: Immaterial differences due to rounding.

Special items include, but are not limited to, restructuring and realignment costs, certain asset impairment charges, acquisition-related expenses, and other unusual or infrequent operating items.



ITT Inc. Non-GAAP Reconciliation
Reported vs. Adjusted Income from Continuing Operations & Adjusted EPS
First Quarter 2017 & 2016
(In Millions, except per share amounts)

	Q1 2017 As Reported	Non-GAAP Adjustments	Q1 2017 As Adjusted	Q1 2016 As Reported	Non-GAAP Adjustments	Q1 2016 As Adjusted	2017 vs. 2016 As Adjusted	Percent Change 2017 vs. 2016 As Adjusted
Segment Operating Income	78.5	5.2 #A	83.7	72.1	8.9 #A	81.0		
Corporate (Expense)	(22.9)	17.6 #B	(5.3)	(21.1)	12.7 #B	(8.4)		
Operating Income	<u>55.6</u>	<u>22.8</u>	<u>78.4</u>	<u>51.0</u>	<u>21.6</u>	<u>72.6</u>		
Interest Income (Expense)	(0.4)	-	(0.4)	(1.1)	-	(1.1)		
Other Income (Expense)	(0.4)	-	(0.4)	(0.6)	-	(0.6)		
Income from Continuing Operations before Tax	<u>54.8</u>	<u>22.8</u>	<u>77.6</u>	<u>49.3</u>	<u>21.6</u>	<u>70.9</u>		
Income Tax (Expense)	(9.1)	(11.5) #C	(20.6)	(11.7)	(6.0) #C	(17.7)		
Income from Continuing Operations	<u>45.7</u>	<u>11.3</u>	<u>57.0</u>	<u>37.6</u>	<u>15.6</u>	<u>53.2</u>		
Less: Non Controlling Interest	(0.4)	-	(0.4)	(0.1)	-	(0.1)		
Income from Continuing Operations - ITT Inc.	<u>46.1</u>	<u>11.3</u>	<u>57.4</u>	<u>37.7</u>	<u>15.6</u>	<u>53.3</u>		
EPS from Continuing Operations	<u>0.52</u>	<u>0.12</u>	<u>0.64</u>	<u>0.42</u>	<u>0.17</u>	<u>0.59</u>	<u>0.05</u>	8.5%

Note: Amounts may not calculate due to rounding.

#A - 2017 includes restructuring and realignment costs (\$4.5M) and acquisition related costs of (\$0.7M).

#A - 2016 includes restructuring and realignment costs (\$6.5M) and acquisition related costs of (\$2.4M).

#B - 2017 includes restructuring costs (\$0.6M), certain costs associated primarily with sale of excess property (\$2.1M), asbestos related expense (\$14.9M).

#B - 2016 includes asbestos related expense and other costs (\$12.7M).

#C - 2017 includes various tax-related special items including tax benefit on excess stock based compensation of (\$1.1M), tax benefit for tax rate changes (\$1.3M), and the tax impact of other operating special items.

#C - 2016 includes various tax-related special items including tax on deemed distribution of foreign earnings of (\$1.0M), in addition to the tax impact of other operating special items.



ITT Inc. Non-GAAP Reconciliation
Net Cash - Operating Activities vs. Adjusted Free Cash Flow Conversion
First Quarter 2017 & 2016
(In Millions)

	<u>3M 2017</u>	<u>3M 2016</u>
Net Cash - Operating Activities	27.1	5.7
Capital Expenditures	36.7	21.0
Free Cash Flow	<u>(9.6)</u>	<u>(15.3)</u>
Realignment Related Cash Payments, including Capex	4.5	-
Restructuring Cash Payments	5.4	6.5
Asbestos Cash Payments, net	<u>13.0</u>	<u>4.3</u>
Adjusted Free Cash Flow	<u>13.3</u>	<u>(4.5)</u>
Income from Continuing Operations - ITT Inc.	46.1	37.7
Special Items	11.3	15.6
Income from Continuing Operations - ITT Inc., Excluding Special Items	<u>57.4</u>	<u>53.3</u>
Adjusted Free Cash Flow Conversion	<u>23.2%</u>	<u>NA</u>

